

AR55

1995 Annual Report

reunited



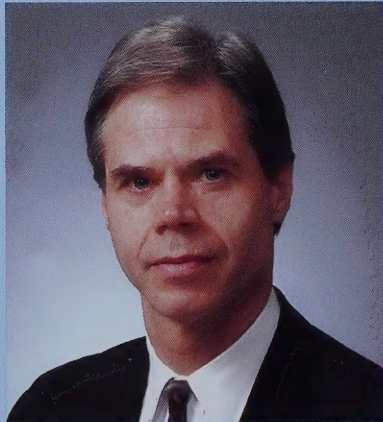
John Buhler
President and Managing Director



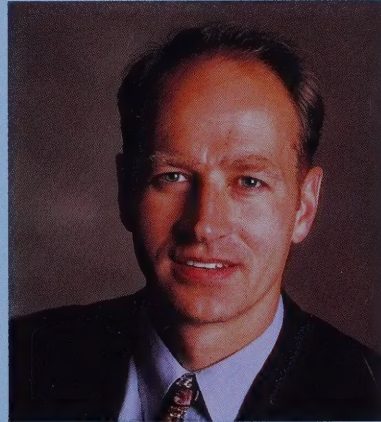
Patrick Cooney
Director



Ross Giles
Director



Allan L. V. Stewart
Director



Edward Kennedy
Director

Internal Management Committee



From left to right: Larry Schroeder, Jim Friesen, Eric Allison, Jean-Guy Fillion, Norm Velnes, Rick Kneeshaw, Craig Engel, Helen Bergen.
Front: John Buhler.

Company Profile

The founder of the Company, Mr. Adolf Krushel started manufacturing farm equipment in 1933. The Company was then best known for its Hi-Capacity grain grinder which was distributed by Macleods throughout western Canada. The Company was purchased by John Buhler in 1971. Buhler Industries Inc. now owns four fully equipped manufacturing plants and five distribution centres totalling over 500,000 square feet of manufacturing, assembly and distribution

facilities with 450 employees. The company is a major manufacturer of a wide range of agricultural equipment marketed throughout North America under two primary brand names: "ALLIED" and "FARM KING". The Company's Laser Division is the focal point of a custom fabrication service. The Company also manufactures furniture under the brand name "BUHLER".

Officers and Directors

Name	Office	Principal Occupation
John Buhler	Pres. and Managing Director	CEO, Buhler Industries Inc.
Larry D. Schroeder	Vice President	VP Sales, Buhler Industries Inc.
James H. Friesen	Secretary	Controller, Buhler Industries Inc.
Robert Chipman *	Director	President, National Leasing Inc.
Patrick Cooney	Director	Sr. Vice Pres., Midland Walwyn Inc.
Ross Giles	Director	President, Bromar Enterprises Ltd.
Edward Kennedy	Director	CEO, Alaska Commercial Company
Sherman Kreiner *	Director	Chairman, Crocus Investments Inc.
Allan L.V. Stewart	Director	Lawyer, Perlov Stewart Lincoln

* to be confirmed at Annual Meeting of Shareholders

Internal Management Committee

John Buhler, President
Larry D. Schroeder, VP Sales
James H. Friesen, Controller
Richard A. Kneeshaw, Morden Operations Manager
Jean-Guy Fillion, Internal Auditor
Eric Allison, OEM Division Manager
Helen Bergen, Human Resource Manager
Craig Engel, Furniture Operations Manager
Norman Velnes, Corporate Development Officer

Audit Committee

Ross Giles, Chairman
Allan L. V. Stewart
John Buhler

Corporate Banker

Bank of Montreal
Winnipeg, Manitoba

Corporate Office

1201 Regent Ave West
Winnipeg, MB R2C 3B2
Phone (204) 661-8711

Exchange Listing

The common shares of Buhler Industries Inc. are listed on the Toronto Stock Exchange and trading under the symbol "BUIA"

Auditors

Deloitte & Touche
Winnipeg, Manitoba

Transfer Agent

The Montreal Trust Company of Canada
Winnipeg, Manitoba

Annual Meeting

The annual meeting of shareholders of Buhler Industries Inc. will be held on Saturday, January 20th, 1996, at 11:30 a.m., mezzanine floor, Westin Hotel, Winnipeg Manitoba. Free parking will be provided in the Company's parkade at McDermot and Rorie St., half block north of the Westin.

Highlights

(in thousands of Cdn. dollars (except per share amounts))

Year ending September 30	1989	1990	1991	1992	1993	1994	1995
Sales	\$18,243	\$20,401	\$22,790	\$23,827	\$33,583	\$48,040	\$56,575
Gross Profit	5,814	6,171	6,406	6,623	8,764	12,753	16,522
Net Income After Taxes	1,250	1,119	1,245	1,178	1,142	2,421	3,703
Earnings per Share	0.06	0.05	0.06	0.06	0.06	0.12	0.18
Shareholders Equity	10,814	11,283	14,068	14,867	16,258	20,702	25,317
Capital Expenditures	1,244	746	2,364	1,952	969	9,369	7,884
Number of Employees	182	204	228	238	315	400	450

To Our Shareholders

Record grain prices, good crops, and the pent-up demand for farm equipment have contributed to the success of your Company and leaves us optimistic about the future.

Once again, the fiscal year that ended on September 30, 1995 was a record year for sales and net income. Consolidated sales for the year were \$56.6 million as compared to \$48 million in the previous year. This is an increase of 18% and it represents a continuing and expanding demand for the Company's products.

Consolidated net income for the fiscal year was \$3.7 million or \$0.18 per share, an increase of 53% over the 1994 figure of \$2.4 million or \$0.12 per share

In light of the increase in net income, the Directors have decided to increase the annual dividend from \$0.04 to \$0.05, paid to all shareholders of record on December 11, 1995.

Seventeen million dollars in capital expenditures in 1994 and 1995 positions your Company to take advantage of the increased demand and ensures profitability through the use of state of the art equipment such as lasers, robots and new factories designed for an efficient production flow.

Bradley Steel Processors Inc., a newly formed company dedicated to the manufacturing of light I beams for the trucking industry, moved into a new facility with an automated paint line and robotic welders designed for mass production of a variety of steel products. Subsequent to year end, 50% of this company was sold to Gerdau MRM Ltd.

A recent contract, valued at 50 million dollars over five years, to produce component parts for a major farm equipment manufacturer in the US has given us new challenges and promises to provide more stability to an already strong Company.

Your Company has been successful in finding new export markets for its brand name products and is continuing to look for markets world wide.

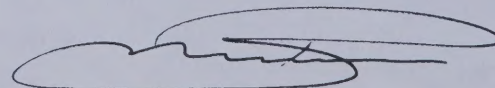
Birchwood Furniture (Manitoba) Ltd. was purchased in October of 1994. This Company primarily produces curio cabinets for the Western Canadian market. The operation was moved out of its rented premises and amalgamated with the former Craftech operations into a newly acquired 116,000 square foot building. In spite of the move and disruption of amalgamating two operations, the division generated sales in excess of five million dollars and profits of approximately \$500,000. which can be used to offset the losses carried forward from Craftech Manufacturing Inc. The building in Steinbach has been leased to a boat manufacturing company.

While the Company has diversified somewhat by expanding the furniture manufacturing operations, it remains committed to the farm equipment operations which have been the major contributor to the success of the Company over the years.

Research and development is expected to escalate in 1996. New products introduced last year have been widely accepted.

In September of this year the Company registered a Deferred Profit Sharing Plan. The Company will contribute funds to the Plan from profits as determined by the Board of Directors.

I would once again like to thank our 450 employees, who's names are listed on the back cover, for all the extra effort that was put into achieving the truly satisfying results of 1995.



John Buhler
Chairman

November 28th, 1995

Management Discussion & Financial Analysis

(in thousands of Cdn. dollars)

Operating Results

After 10 consecutive quarters of growth in net sales the 4th quarter recorded a slight reduction compared to the same quarter in 1994. Sales for the fiscal year ending September 30th, 1995, increased by 18%.

Profit in the 4th quarter recorded a significant increase marking the 11th consecutive quarter of growth in profits compared with the same quarter in previous years. Earnings for the 3rd quarter have been restated to more accurately reflect the quarterly earnings.

Profits for the year increased by 53% to a record level of \$3,703,000.

Quarterly Results

		Sales	Net Profit
1st. quarter	1995	\$12,967	\$630
	1994	8,891	304
2nd quarter	1995	14,443	756
	1994	10,656	434
3rd quarter	1995	14,846	1,121
	1994	13,884	794
4th quarter	1995	14,319	1,196
	1994	14,609	888

Financial Ratios

Return on assets hit a record level of 18.2% and return on equity was also very satisfying at 16.5%. Gross margins have reached 29% which is an improvement over 1994 but not yet at levels of over 30% experienced in 1989 and 1990.

As a result of tight controls on selling and administration expenses, now at only 13% compared to 17% and 18% in earlier years, net after tax profits increased to 7.4%.

Working capital ratio remains over two to one.

Expenses

Interest expenses increased in 1995 as a result of higher interest rates and higher debt throughout the year.

Amortization and depreciation is higher than usual due to the increase in rates of calculating amortization and the recent capital purchases.

Research and development expenses are down slightly for the fiscal year but are expected to remain at about 1% of sales.

Dividends

The Board of Directors have increased the annual dividend by 25% to \$0.05 per share compared with \$0.04 in 1994.

Retained Earnings

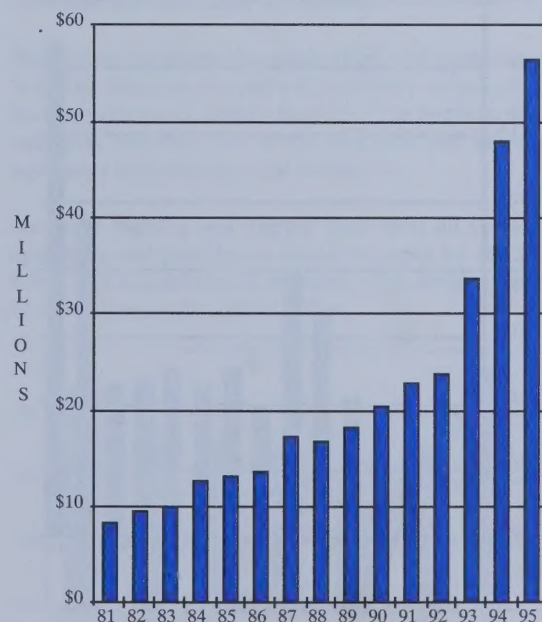
Retained earnings at year end are lower than last year as a result of the adjustment to the stated capital of the class B common shares. \$8.25 million was capitalized.

Capital Expenditures

The Company invested \$7.9 million in new facilities and equipment in order to take advantage of the expected growth in the farm equipment industry. The investment of \$9.4 million in 1994 is already paying big dividends in reduced costs, improved efficiencies and higher production levels.

Corporate Governance

The Toronto Stock Exchange recently issued a set of guidelines for effective corporate governance. The Company will be making every effort to comply with these guidelines. This issue is dealt with in more detail in the Annual Information Circular.

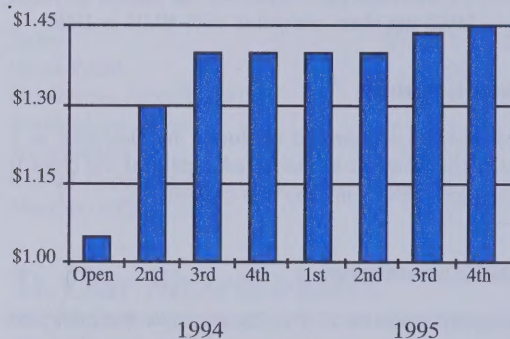


15 Year Sales History

Management Discussion & Financial Analysis

Share Closing Price

For fiscal year 1994 & 1995

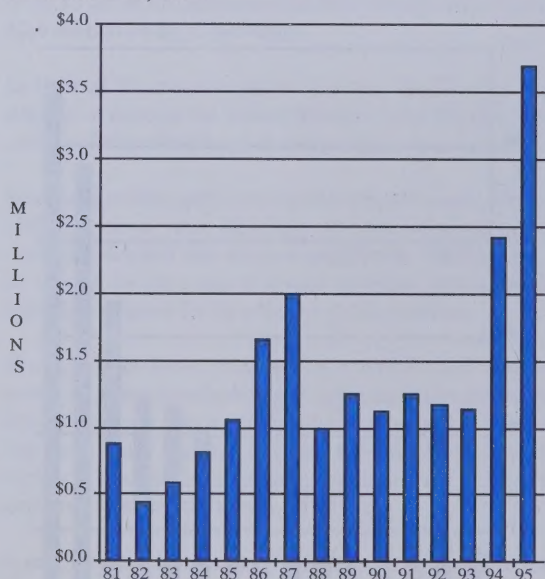


Trading Range

Quarter	1st	2nd	3rd	4th
High	\$1.60	\$1.50	\$1.50	\$1.49
Low	1.35	1.10	1.15	1.40
Close	1.40	1.40	1.44	1.45

Volume	147,660	180,904	225,148	313,442
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A total of 2,178,265 shares have traded since trading opened on March 25th, 1994.



15 Year Profit History

Net after tax profits have been averaging approximately 5% of sales. In the past 11 years profits have remained above one million dollars with significant increases in the last two years.

Liquidity

Working capital ratio at year end 1995 is 2.2 to 1 compared to 2.1 to 1 in 1994 and 3.5 to 1 in 1993. Total debt to equity is .75 to 1 for 1995 compared to .77 to 1 in 1994 and .66 to 1 in 1993. Major capital asset acquisitions in 1994 caused the change in ratios from 1993. Both ratios have improved in 1995 and management intends to continue this positive trend. The Company meets its obligations as they come due and expects to continue this practice. The sale of 50% of Bradley Steel Processors Inc. subsequent to year end will contribute to improved liquidity for 1996.

Outlook for 1996

Sales are expected to increase marginally. Profits should also increase due to utilization of new facilities and equipment purchased in 1994 & 1995.

The Company is constantly on the lookout for acquisitions that will compliment its present line of manufactured goods. If successful, sales could see significant growth.

Risks

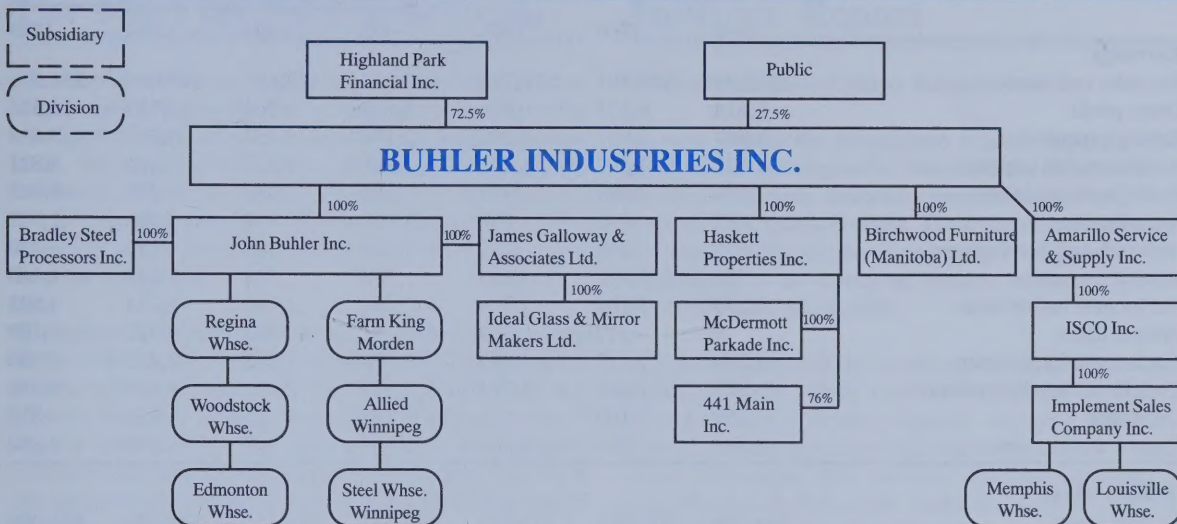
A depression in grain prices could have a negative effect on sales and a significant appreciation of the Canadian dollar could also affect the gross margins, however the fluctuations of both grain prices and Canadian dollar values have always been a part of every day business and the risk is minimal.



15 Year Equity Growth

Almost all of the growth in equity comes from retained earnings except for 3.5 million dollars which was generated by sales of common shares through options in 1994 & 1995.

Management Discussion & Financial Analysis

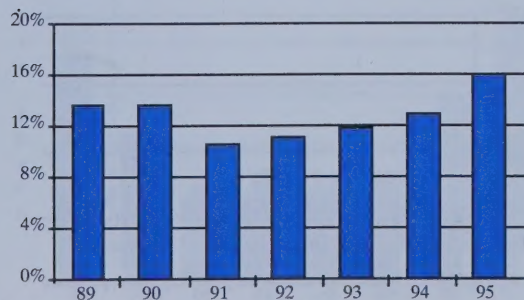


Buhler Industries Inc. is primarily a holding Company with several manufacturing and distribution operations.

As a result of the amalgamation in 1994 with Craftech Manufacturing and several Buhler companies, the holding company still owns some properties and operates the furniture manufacturing division. The properties will eventually be held by Haskett Properties Inc., which owns all of the real estate, and the furniture manufacturing will be carried on by Birchwood Furniture (Manitoba) Ltd.

Bradley Steel Processors Inc. was formed this year to manufacture I-beams for the van industry. It has proven to be very successful, and after year end, 50% of the Company was sold to Gerdau MRM Ltd. This division has sales of \$8 million.

John Buhler Inc. operates the farm equipment manufacturing and distribution. Its' sales account for over 75% of the total and is the focus of the Company. New products are being developed every year and its recognized brands, ALLIED and FARM KING provide momentum for future growth.



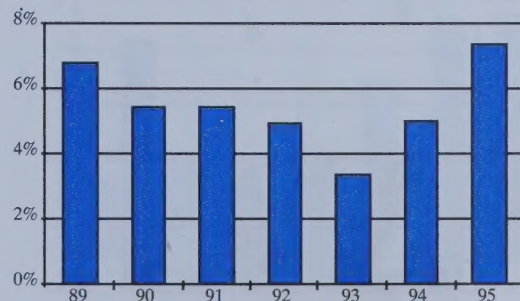
Operating Profit as a Percentage of Sales

James Galloway & Associates Ltd. and its division Ideal Glass and Mirror Makers Ltd. will be dissolved, the assets have been purchased by the furniture division and Haskett Properties Inc. This division has sales of approximately \$2 million.

Haskett Properties Inc. owns all of the real estate, including McDermot Parkade Inc., a very successful 300 car parkade in downtown Winnipeg, all the factories, warehouses, farm land, industrial, and residential subdivisions.

Birchwood Furniture (Manitoba) Ltd. will change its name to Buhler Furniture Inc. and will eventually control all of the furniture and mirror making facilities. The furniture division represents less than 10% of the total sales and has made a significant contribution to the bottom line.

Amarillo Service and Supply Inc. owns all of the U.S. operations and provides an excellent outlet for the FARM KING and ALLIED brand products. This division has sales of approximately \$6 million dollars.



Net Profit (after tax) as a Percentage of Sales

Seven Year Financial Summary

	1989	1990	1991	1992	1993	1994	1995
(in thousands of Cdn. dollars (except per share amounts))							
Earnings							
Net sales and services	\$18,243	\$20,401	\$22,790	\$23,827	\$33,583	\$48,040	\$56,575
Gross profit	5,814	6,171	6,406	6,623	8,764	12,753	16,522
Selling expenses	1,887	1,885	2,252	2,140	2,254	3,287	3,638
Administration expenses	1,421	1,487	1,737	1,801	2,521	3,191	3,821
Profit from operations	2506	2799	2417	2682	3989	6275	9,063
Amortization	677	586	738	1,119	940	2,416	2,727
Research and development	405	388	110	220	305	726	470
Interest expense	913	1,402	1,193	778	518	518	1,063
Net income before taxes	1,250	1,102	1,504	1,269	1,735	2,734	4,803
Income taxes	0	(17)	259	91	593	313	1,100
Net income for the year	1,250	1,119	1,245	1,178	1,142	2,421	3,703
Cash flow from operations	1,927	1,688	1,983	2,297	2,082	4,837	6,430
Dividends	250	100	0	176	10	623	832
Capital expenditures	1,244	746	2,364	1,952	969	9,369	7,884

Balance Sheet

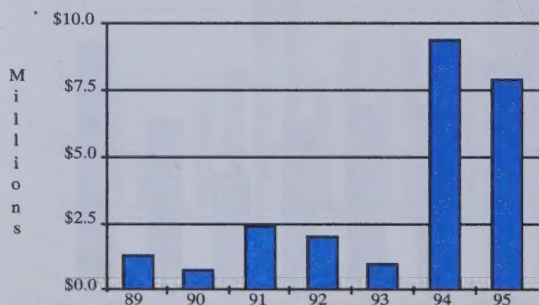
Current assets	\$14,304	\$13,922	\$18,955	\$16,437	\$16,151	\$18,330	\$21,408
Fixed assets - net	7,123	7,638	9,006	9,681	9,648	16,508	21,611
Other assets	1,981	1,879	1,750	1,682	1,656	1,784	1,161
Current liabilities	6,497	5,780	7,874	6,354	4,484	9,588	9,731
Long term debt	6,339	6,604	8,043	6,870	5,785	5,746	7,094
Deferred income taxes	80	100	150	184	767	586	436
Total shareholders' equity	10,814	11,283	14,068	14,867	16,647	20,702	25,317

Per Share

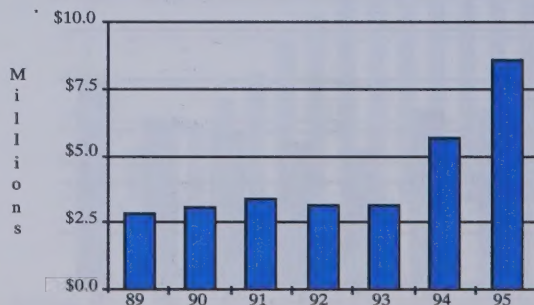
Earnings before int., tax & amortization	\$0.15	\$0.16	\$0.18	\$0.17	\$0.17	\$0.28	\$0.41
Net earnings - fully diluted	0.06	0.05	0.06	0.06	0.06	0.12	0.18
Cash flow from operations	0.09	0.08	0.11	0.12	0.13	0.25	0.31
Dividends for year	0.02	0.01	0.01	0.00	0.03	0.04	0.05
Shareholders equity, end of year	0.53	0.55	0.69	0.73	0.79	1.01	1.22

Financial Ratios

Return on net assets (%)	13.7%	11.8%	11.6%	10.4%	10.1%	13.2%	18.2%
Return on average equity (%)	11.6%	9.9%	8.8%	7.9%	7.0%	11.7%	16.5%
Inventory turns per year	1.6	2.1	1.8	2.1	3.4	4.6	4.3
Working capital ratio	2.2 : 1	2.4 : 1	2.4 : 1	2.6 : 1	3.5 : 1	2.1 : 1	2.2 : 1
Gross profit margins (% of sales)	32%	30%	28%	28%	26%	27%	29%
Selling & admin. (% of sales)	18%	17%	18%	17%	14%	13%	13%
Net after tax profit (% of sales)	6.9%	5.5%	5.5%	4.9%	3.4%	5.0%	7.4%



Capital Expenditures



Earnings before Interest, Taxes & Amortization


Management's Responsibility For The Financial Statements

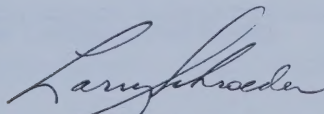
The consolidated financial statements of Buhler Industries Inc., were prepared by management in accordance with accounting principles generally accepted in Canada applied on a consistent basis. The significant accounting policies, which management believes are appropriate for the Company, are described in note 1 to the financial statements. The financial information contained elsewhere in this Annual Report is consistent with that in the financial statements.

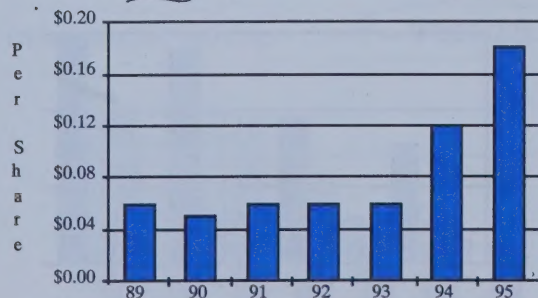
Management is responsible for the integrity and objectivity of the financial statements. Estimates are necessary in the preparation of these statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee of the Board is responsible for reviewing the annual consolidated financial statements and reporting to the Board, making recommendations with respect to the appointment and remuneration of the Company's Auditors and reviewing the scope of the audit.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws and maintains proper standards of conduct for its activities.


John Buhler,
President


Larry D. Schroeder,
Vice-President



Earnings per Share

Auditors' Report

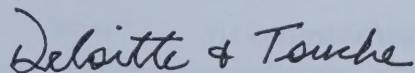
To The Shareholders of Buhler Industries Inc.

We have audited the consolidated balance sheet of Buhler Industries Inc. as at September 30th, 1995 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

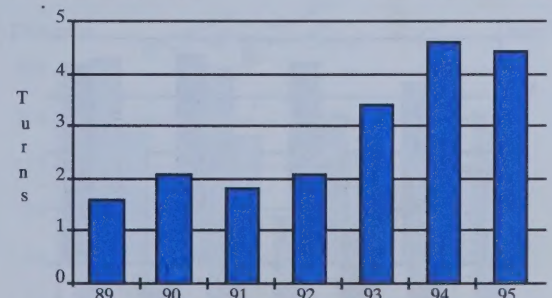
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30th, 1995 and the results of its operations and changes in financial position for the year then ended in accordance with generally accepted accounting principles.

The financial statements as at September 30th, 1994 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated December 6th, 1994.



Winnipeg, Manitoba
November 28, 1995

Chartered Accountants

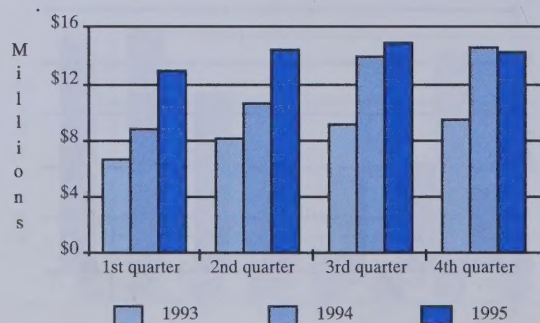


Inventory Turns
(sales divided by inventory)

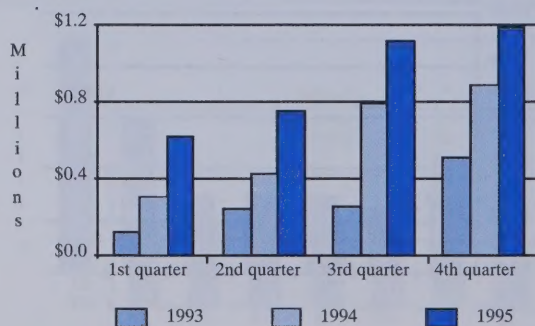
Consolidated Statement of Earnings and Retained Earnings

(in thousands of Cdn. dollars)

September 30th	1995		1994	
Net Sales and Other Revenue	\$56,575		\$48,040	
Cost of goods sold	40,053		35,287	
Gross Profit	\$16,522	29.2%	\$12,753	26.6%
Selling expenses	3,638	6.4%	3,287	6.8%
Administration expenses	3,821	6.8%	3,191	6.3%
Profit from Operations	\$9,063	16.0%	\$6,275	13.1%
Interest expense	1,063		518	
Amortization	2,727		2,416	
Research and technical expenses	470		726	
Other (income) deductions	0		(119)	
Net Income Before Taxes	\$4,803	8.5%	\$2,734	5.7%
Provision for taxes current (note 7)	1,250		493	
deferred	(150)		(180)	
Net Income for the Year	\$3,703	7.4%	\$2,421	5.0%
Retained earnings, beginning of the year	17,646		15,848	
Less dividends	(832)		(623)	
Retained earnings capitalized (note 6)	(8,250)		0	
Retained Earnings, End of Year	\$12,267		\$17,646	
Earnings per share (note 11)	\$0.18		\$0.12	



Quarterly Sales



Quarterly Profits

Consolidated Balance Sheet

(in thousands of Cdn. dollars)

September 30th

1995

1994

Assets

Current assets

Cash and term deposits	\$365	\$0
Accounts receivable - net	8,149	7,714
Inventories (note 13)	12,792	10,418
Prepaid expenses	102	198

Total Current Assets

\$21,408 \$18,330

Property, plant and equipment (note 2)

21,611 16,508

Other assets (note 1)

1,161 1,784

Total Assets

\$44,180 \$36,622

Liabilities

Current liabilities

Bank indebtedness (note 3)	\$0	\$3,239
Accounts payable and accrued	8,018	5,875
Current portion of long term debt	1,713	474

Total Current Liabilities

\$9,731 \$9,588

Shareholders' loan (note 9)

1,602 0

Long term debt (note 4)

7,094 5,746

Deferred income taxes

436 586

Total Liabilities

\$18,863 \$15,920

Shareholders' Equity

Share capital (note 6)

13,050 3,056

Retained earnings

12,267 17,646

Total Shareholders' Equity

\$25,317 \$20,702

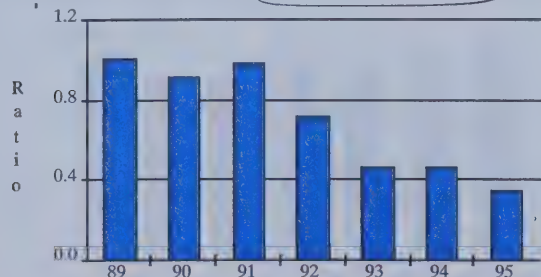
Total Liabilities and Equity

\$44,180 \$36,622

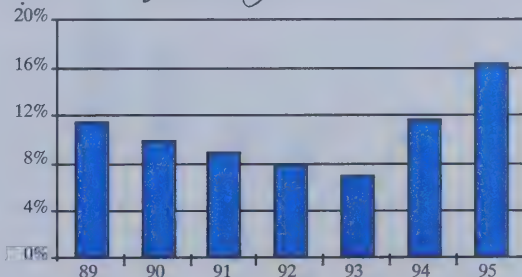
On behalf of the Board:

Director

Director



Interest Bearing Debt to Equity Ratio

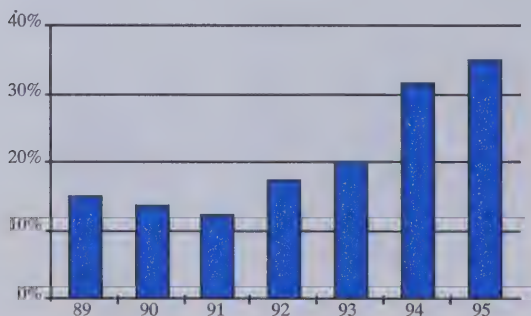


Net After Tax Return on Average Equity

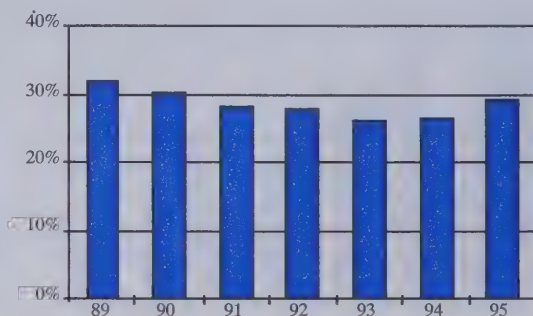
Statement of Changes in Financial Position

(in thousands of Cdn. dollars)

	Sept. 30 1995	Sept. 30 1994
Cash provided by (used in)		
Operating Activities		
Earnings for the period	\$3,703	\$2,421
Non-cash items		
Amortization	2,727	2,415
Deferred taxes	(150)	(180)
Gain, disposal of fixed assets	0	(94)
R & D & deferred charges written off	0	228
Changes in non-cash working capital components	(96)	469
Operating activities	\$6,184	\$5,259
Investing Activities		
Purchase of fixed assets	(\$7,884)	(\$9,369)
Proceeds, sale of fixed assets	54	94
Other items - net	623	731
Investing activities	(\$7,207)	(\$8,544)
Financing Activities		
Issue of share capital	\$1,744	\$1,880
Repayment of long-term debt	(474)	(1,867)
Proceeds from long-term debt	4,603	1,827
Financing activities	\$5,933	\$1,840
Dividends	(\$832)	(\$622)
Changes in cash position	\$4,078	(\$2,067)
Cash position, start of period	(3,713)	(1,646)
Cash Position End of Period	\$365	(\$3,713)
Cash position is comprised of		
Cash	\$365	0
Bank advances	0	(\$3,713)
	\$365	(\$3,713)



Cash Flow as % of Total Debt



Gross Profit as % of Sales

Notes to the Consolidated Financial Statements

(in thousands of Cdn. dollars)

1. Significant Accounting Policies

General

The consolidated financial statement includes the accounts of the following corporations. All significant inter-company accounts and unrealized income in inventories have been eliminated.

John Buhler Inc.
Bradley Steel Processors Inc.
Haskett Properties Inc.
McDermot Parkade Inc.
441 Main Inc.
Amarillo Service & Supply Inc.
Isco Inc.
Implement Sales Company Inc.
Birchwood Furniture (Manitoba) Ltd.
James Galloway and Associates Ltd.
Ideal Glass & Mirror Makers Ltd.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Property, Plant and Equipment

Capital assets are recorded at cost. Amortization is calculated as follows:

Software and tools	100%	
Automotive	30%	declining balance
Computers	30%	declining balance
Equipment	25%	declining balance
Leasehold improvements	20%	straight line
Buildings	4%	straight line

Other Assets

Other assets consist primarily of condominium units and land holdings in Morden, Manitoba, \$1.2 million in 1995, \$1.2 million in 1994.

Intangibles

All intangibles such as goodwill, trade marks, patents, and organization costs are expensed. The balance of \$228,000. was written off in 1994.

Foreign Currency Translation

The accounts of Memphis and Louisville operations have been translated into Canadian dollars as follows: assets and liabilities, at the year-end exchange rate; revenues and expenses, at the average exchange rate for the period.

2. Capital Assets

	1995		1994	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$2,240	\$0	\$1,543	\$0
Buildings & Improvements	11,400	2,560	9,559	2,103
Plant & Equipment	17,922	7,391	12,165	4,656
	<u>\$31,562</u>	<u>\$9,951</u>	<u>\$23,267</u>	<u>\$6,759</u>
Net Book Value	\$21,611		\$16,508	

3. Bank Indebtedness

Consolidated debt to the banks is as follows:

	1995	1994
Bank overdraft, including outstanding cheques	\$0	\$1,213
Bank of Montreal, First Bankers Acceptance	6,000	5,300
Bank of Montreal, US LIBOR loan	2,013	2,144
	<u>\$8,013</u>	<u>\$8,657</u>
Less: long term portion	6,410	4,944
Balance Current:	<u>\$1,603</u>	<u>\$3,713</u>

The Bank of Montreal loan is secured, by a five million dollar demand debenture, a floating charge of up to US \$1.8 million dollars on all fixed assets and an assignment of book debts and inventories up to the amount of the First Bankers Acceptance. Various corporations in the group are guarantors to each other. The only guarantor outside the group is John Buhler for one million dollars to the Bank of Montreal. All of the above loans are below bank prime.

4. Long Term Liabilities

	1995	1994
Long term portion of Bank loans	\$6,410	\$4,944
Mortgage payable to Metropolitan Trust secured by specific items of real estate	655	720
Western Diversification	29	82
	<u>\$7,094</u>	<u>\$5,746</u>

The three year Metropolitan Trust loan is at 0% for first year, 3% for second year and 4% for the final year.

Total long term repayments are estimated as follows:

1996	\$1,713
1997	2,265
1998	1,610
1999	1,610
2000	1,608

5. Lease Commitments

The Company has followed a practice of owning all of its assets and not entering into any lease agreements for vehicles, buildings, or equipment of any type (including office equipment) with the exception of warehouse locations in Memphis and Louisville. These commitments of less than \$79,000. per annum, over a period of less than 4 years, equals a total commitment of approximately \$280,000.

Notes to the Consolidated Financial Statements

(in thousands of Cdn. dollars)

6. Capital Stock

Authorized unlimited number of Class A and Class B common shares.

Issued and Outstanding		Number of Shares	Stated Capital
Sept 30, 1994	Class A	4,279	\$2,034
	Class B	16,475	1,022
Total		20,754	\$3,056
Options exercised during the year			
	Class A	1,177	1,744
Adjustment to the stated capital of the Class B shares was made during the year capitalizing retained earnings of			8,250
Total at Year End		21,930	\$13,050

There are options for 893,000 Class A common shares outstanding at \$1.50.

7. Taxation

	1995	1994
Corporation at ordinary rates on taxable income	\$2,017	\$1,510
Less investment tax credits		
current year.	424	341
prior years.	343	676
Estimated Income Tax	\$1,250	\$493

8. Losses Forward

As a result of the amalgamation with Craftech Manufacturing Inc. in 1994, Buhler Industries Inc. has a loss carried forward of \$644,000, which is available to be applied against certain taxable income of future years. The potential tax benefit that may result from claiming these losses has not been reflected in the accounts. The loss carried forward expires as follows:

1999	\$154
2000	186
2001	304

\$644

9. Shareholder Loan

The shareholder loan is held by Highland Park Financial Inc., the principal shareholder. The loan is without interest and is repayable in five years.

10. Subsequent Event

Subsequent to year end 50% of Bradley Steel Inc. was sold to Gerda MRM Ltd.

11. Earnings Per Share

Earnings per share are based on the average number of common shares outstanding during the year.

12. Pension Plans

The Company has created a Deferred Profit Sharing Plan for its employees and has established a Trust for administration of the plan. The Company will contribute funds to the plan from profits as determined by the Board of Directors, but subject to certain maximum limits established by the plan. The Company contributions will be used to complete the purchase of Class A common shares of the Company held by the plan. The initial holding of 806,452 Class A common shares of the Company was purchased by the plan from the principal shareholder, Highland Park Financial Inc. on September 26th, 1995. A promissory note with a face value of \$1,200,000, evidencing the unpaid balance of the purchase price was purchased by Crocus Investment Fund from Highland Park Financial Inc. Haskett Properties Inc., one of the Company's subsidiaries has guaranteed the note's repayment. The Company has undertaken to make contributions to the plan sufficient to meet the obligation under the note.

13. Inventories

Inventories are summarized as follows:

	1995	1994
Finished goods	\$8,559	\$6,592
Work in process	1,217	1,425
Raw material	3,016	2,401
	\$12,792	\$10,418

14. Segmented Information

	Canada	U.S.
Sales	\$49,602	\$6,973
Expenses	6,240	1,219
Operating Profits	8,606	457
Identifiable Assets	40,779	3,401

Export Sales amounted to 21 million dollars.



The Winnipeg factory at 1201 Regent Avenue West, Winnipeg, Manitoba, produces the Allied brand products.



The Morden factory at 301 Mountain Avenue, Morden Manitoba, produces the Farm King brand products.

Other factory locations

Buhler Furniture
700 King Edward Street
Winnipeg, Manitoba

Buhler Glass & Mirror
30 Davidson Street,
Cannington, Ontario

Warehouse locations

John Buhler Inc.
Edmonton, Alberta

John Buhler Inc.
Regina, Saskatchewan

John Buhler Inc.
Woodstock, Ontario

ISCO Implement Sales Company Inc.
Louisville, Kentucky

ISCO Implement Company Inc.
West Memphis, Arkansas

Other warehouse locations

Abbotsford, British Columbia;
Gananoque, Ontario; Dorion, Quebec;
Moncton, New Brunswick; Dublin,
Georgia; Atlantic, Iowa; Lakeview, Iowa;
Hooppole, Illinois; Milan, Illinois;
Crawfordsville, Indiana; Wichita, Kansas;
Lakeville, Minnesota; Fort Benton,
Montana; Goldsboro, North Carolina;
Statesville, North Carolina; Bismarck,
North Dakota; Fargo, North Dakota;
Columbus, Nebraska; Omaha, Nebraska;
Oneida, New York; Syracuse, New York;
Youngstown, Ohio; Huron, South Dakota;
Houston, Texas; Salt Lake City, Utah;
Katanning, Australia; Rathausstrobe,
Germany; Linlithgow, Scotland;
Nijmegen, Holland; Madras, India.

